

IAS 107 Lecture: The Course as a Whole

J. Bradford DeLong
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IAS107 Lecture Notes

http://delong.typepad.com/berkeley_econ_101b_spring/

April 26, 2011

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Logistics

- Problem set 9/sample final due April 28 at start of class...
- http://delong.typepad.com/berkeley_econ_101b_spring/2011/04/problem-set-9-due-april-28-2011.html
- Office hours: today, Thursday...
- Tuesday: Review of important concepts from the course
- Thursday: Go over sample final

Problems to Solve

- Growth: production function
- Growth: balanced growth path
- Growth: forecasting
- Depression: NIPA
- Depression: income-expenditure
- Depression: investment-savings
- Depression: real interest rate movements
- Inflation: quantity theory of money
- Inflation: Phillips Curve
- Inflation: MPRF
- Inflation: Expectationally-consistent equilibrium
- Budget: sustainability
- Budget: burden of debt
- Budget: crowding out
- Data: pace of long-term growth
- Data: world real GDP
- Data: spread of world GDP
- Data: unemployment rate
- Data: employment-to-population ratio
- Data: inflation rate
- Data: government spending
- Data: government deficits

Depression Economics

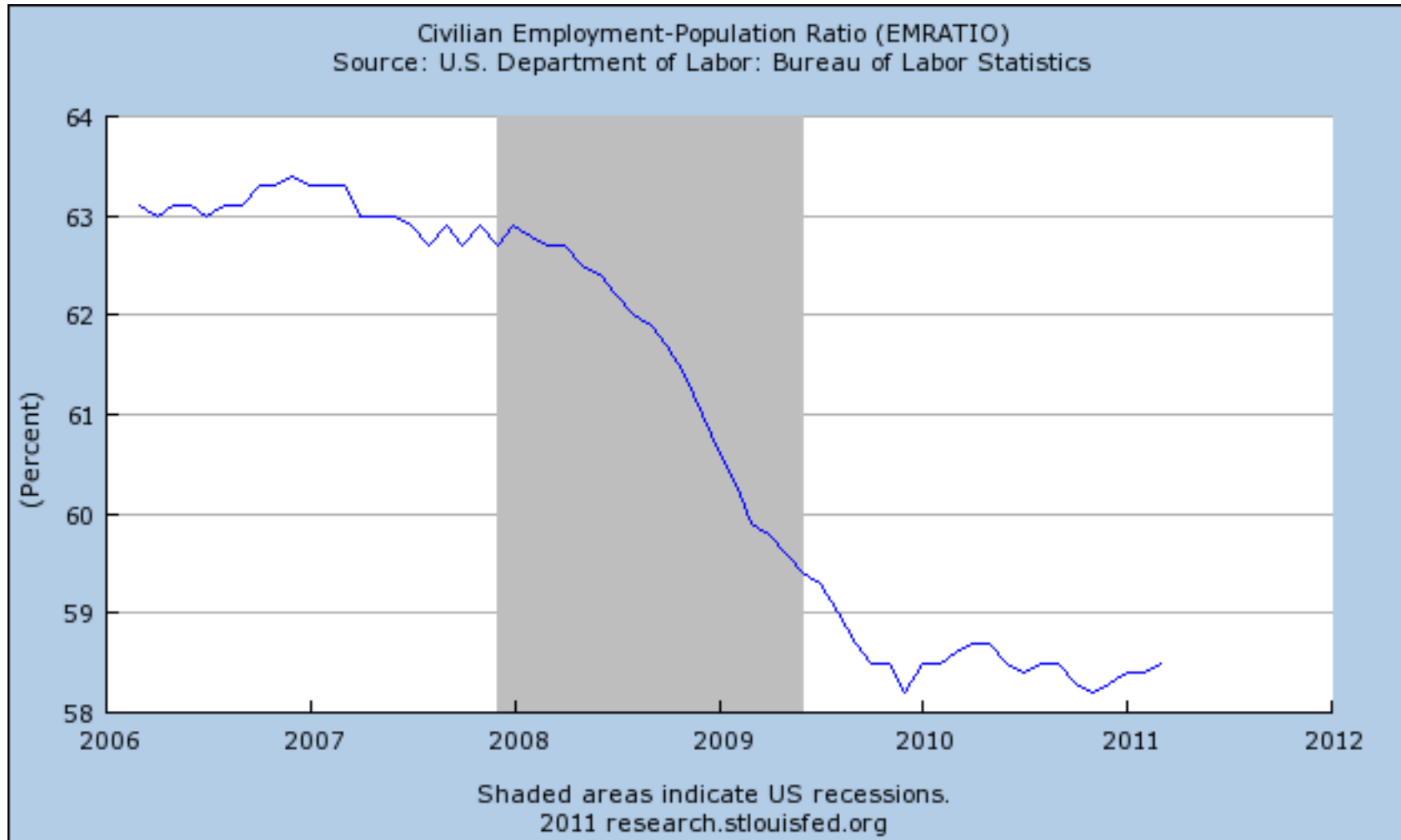
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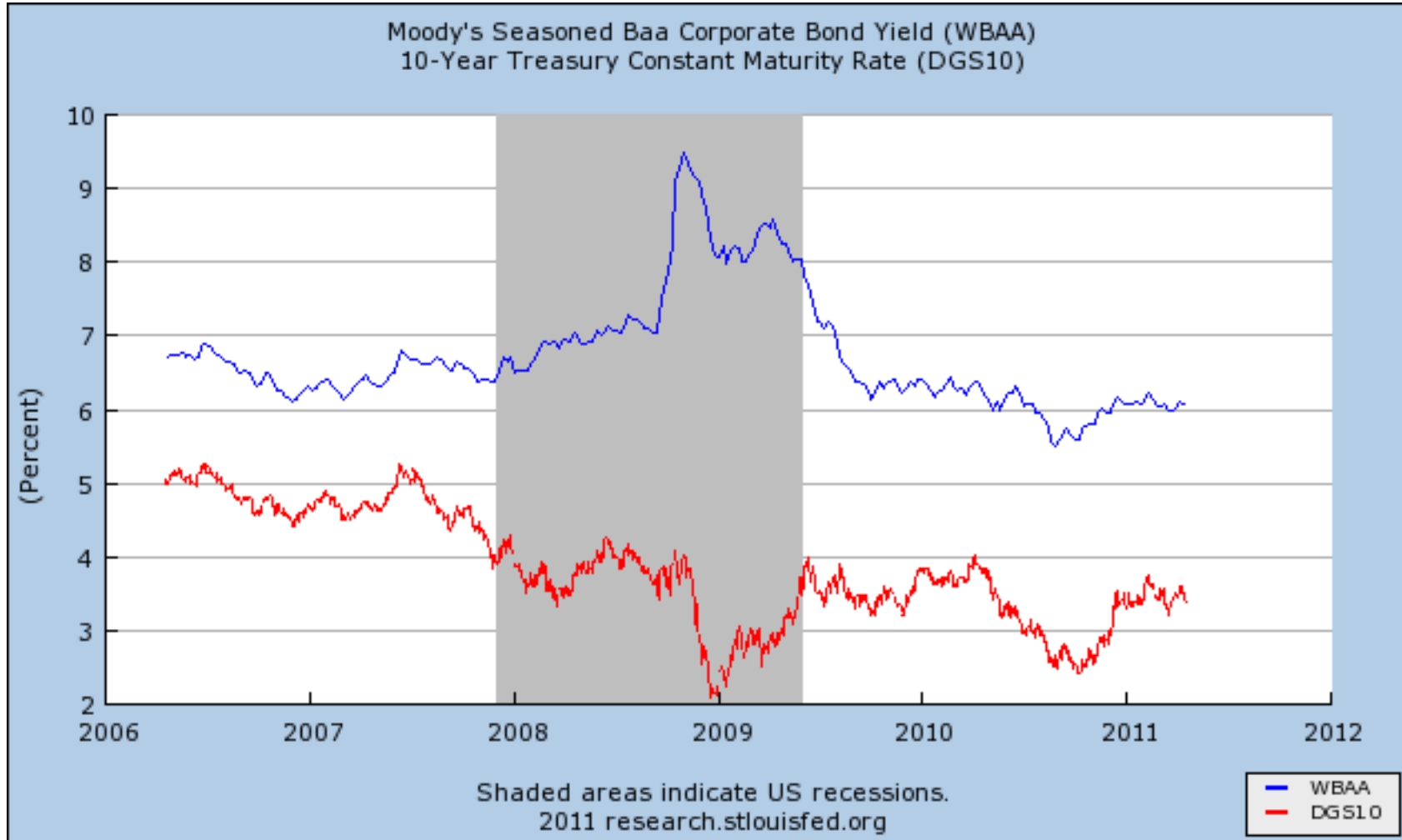
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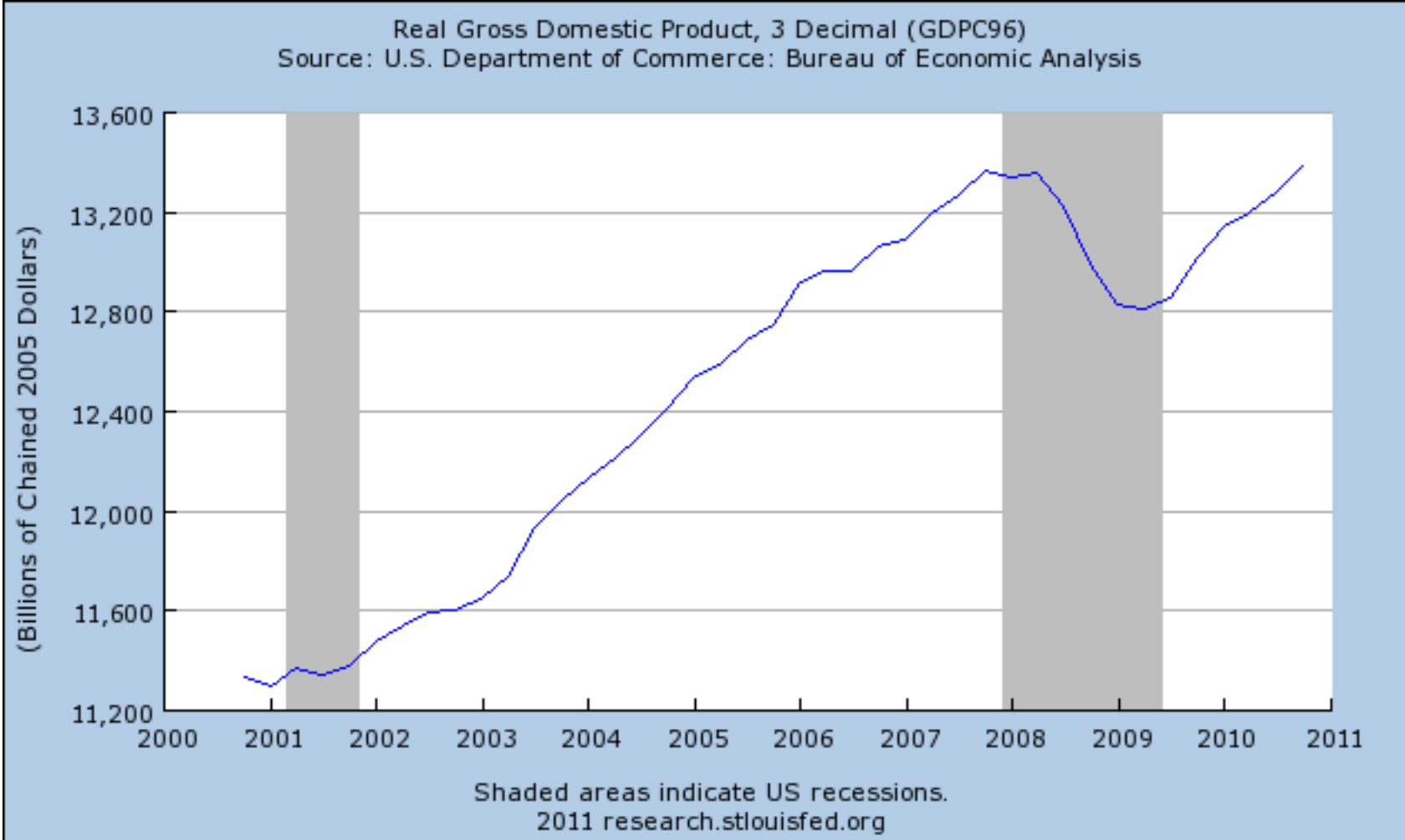
The Labor Market



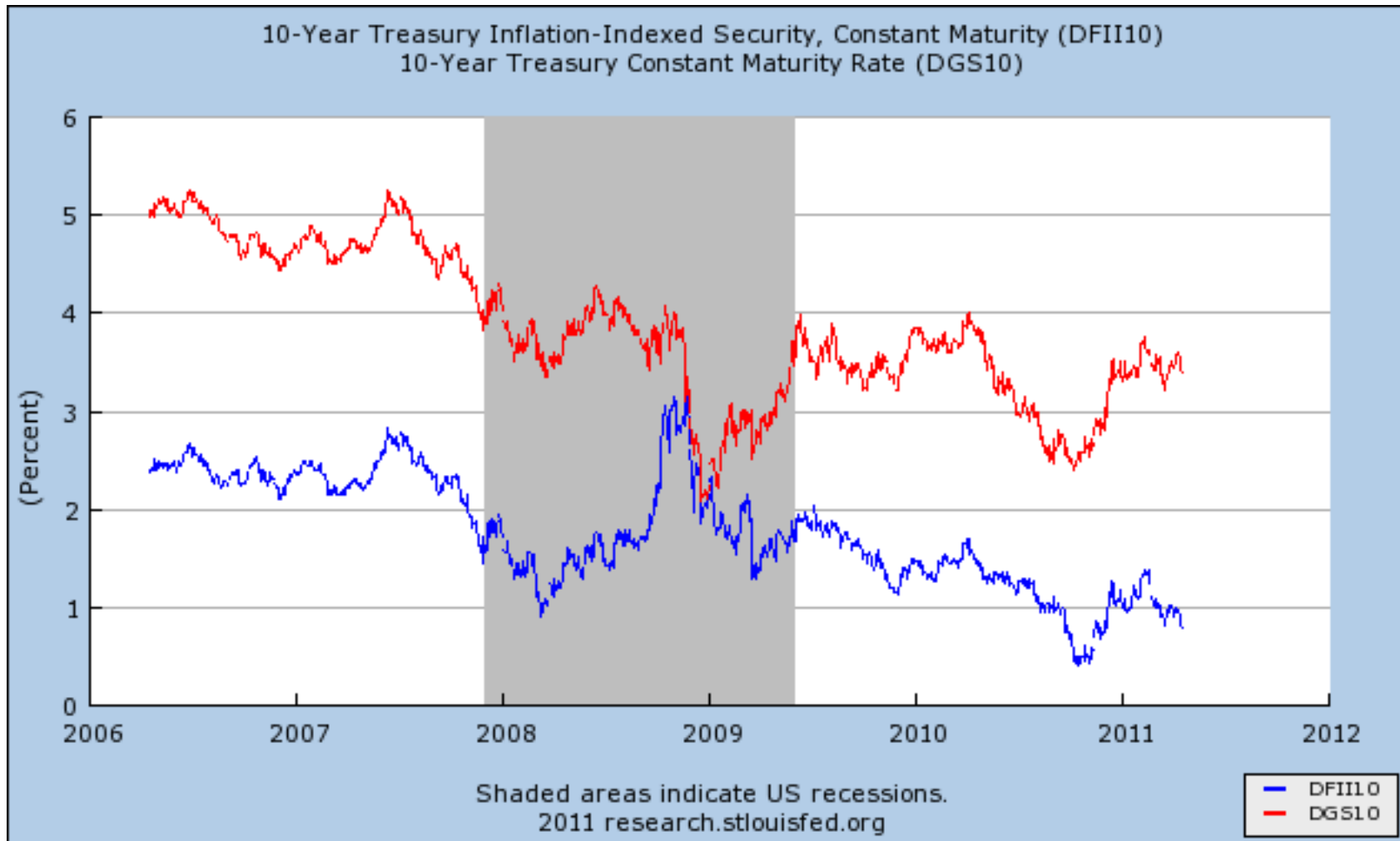
Interest Rates



Real GDP



Inflation Expectations



Depression Economics

- Four years ago:
 - Income-expenditure model
 - Multiplier
 - Investment-savings equation
 - Monetary policy
 - Irrelevance of fiscal policy
- Today:
 - Income-expenditure model
 - Multiplier
 - Investment-savings equation
 - Monetary policy
 - Fiscal policy
 - Financial crisis
 - Say's Law
 - Financial excess demands—for liquidity, duration, safety
 - Liquidity traps
 - Non-standard monetary policy
 - Banking policy

Inflation Economics

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Inflation Economics

- Quantity theory of money
- Monetary base
- Money multiplier
- Money stock
- Phillips curve
- Inflation expectations—static, adaptive, rational
- Monetary policy reaction function

Budget Economics

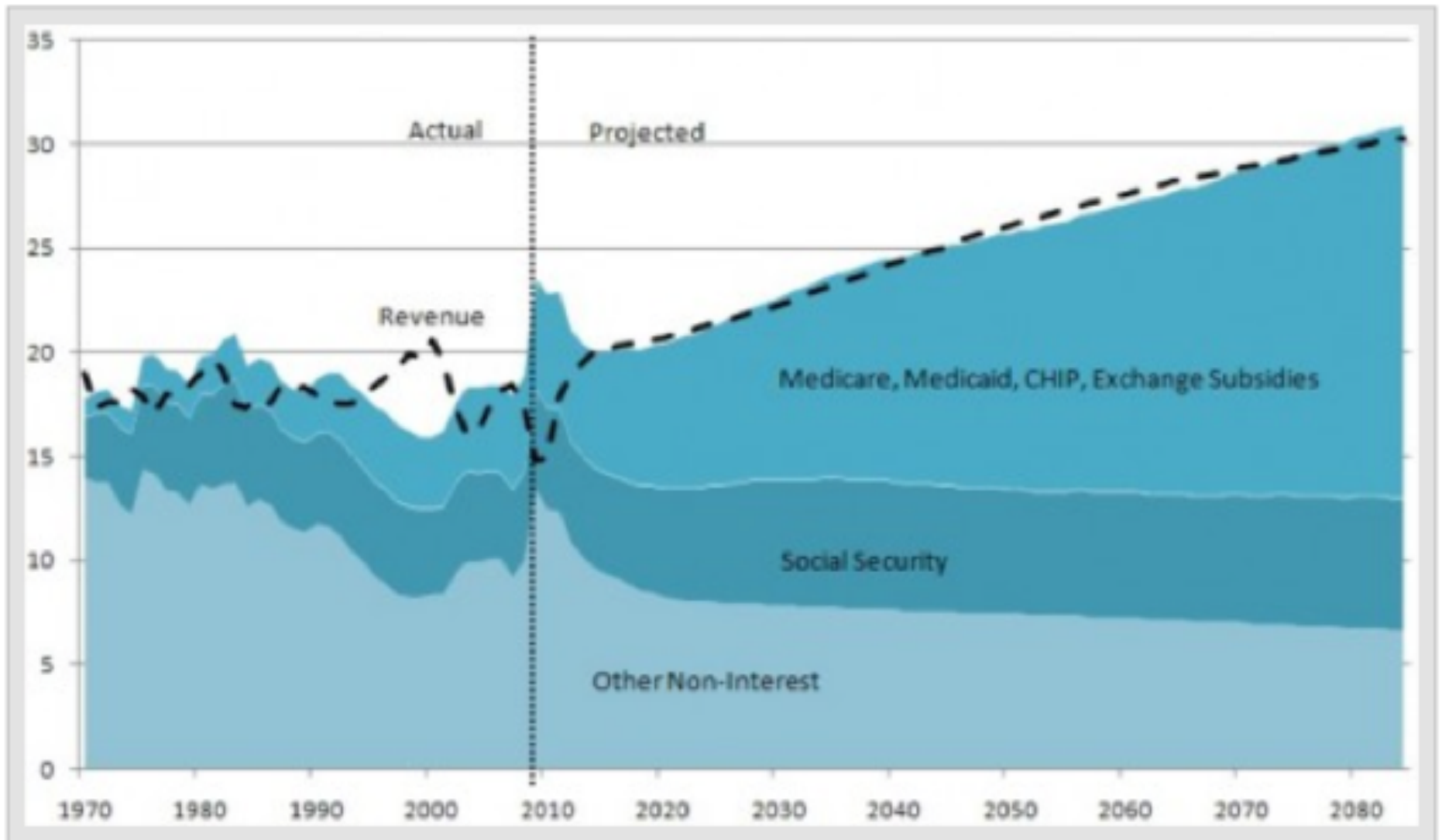
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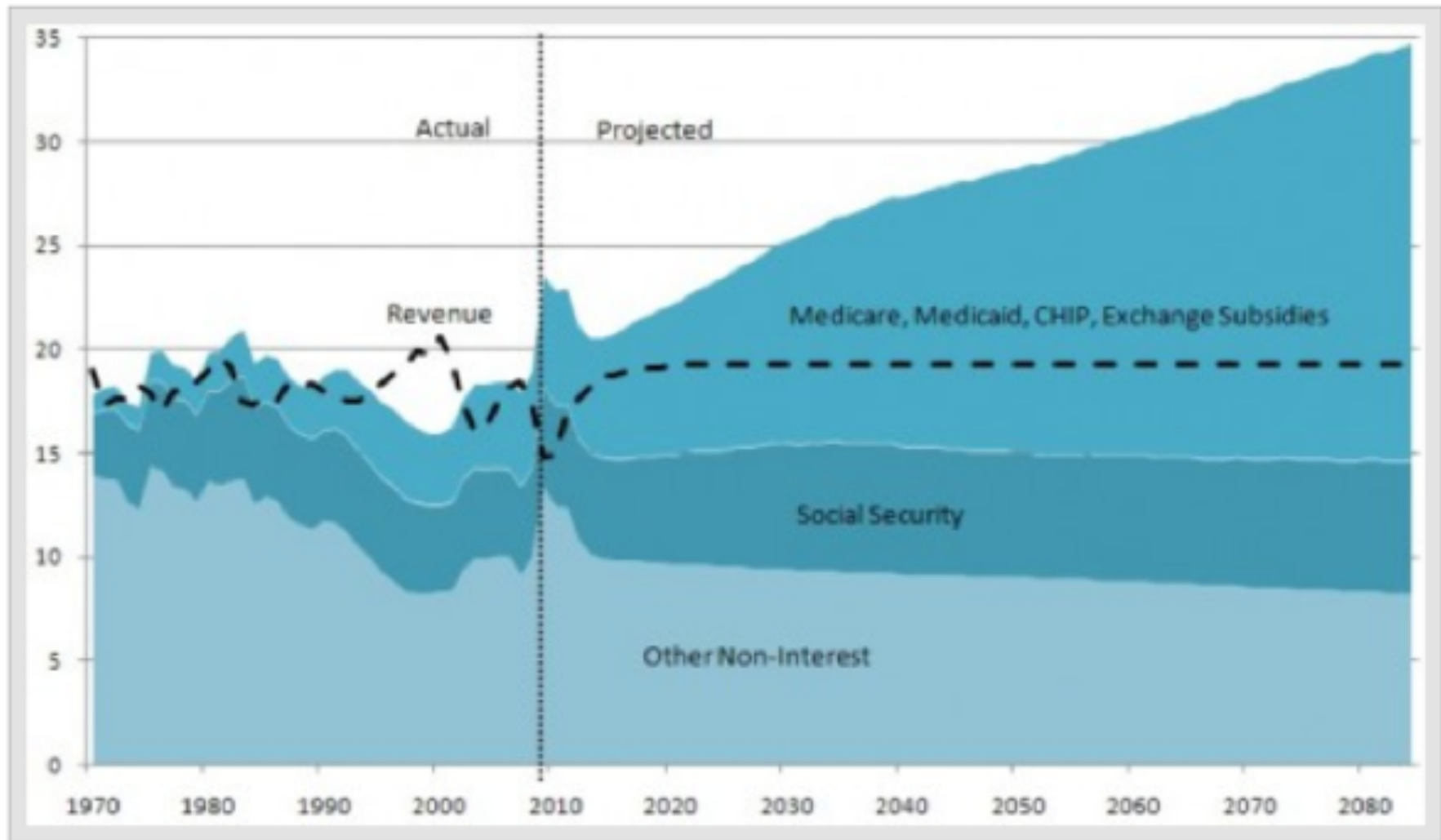
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Call This Date 2015. What Will the World Look Like in 2015? “Baseline”



Call This Date 2015. What Will the World Look Like in 2015?

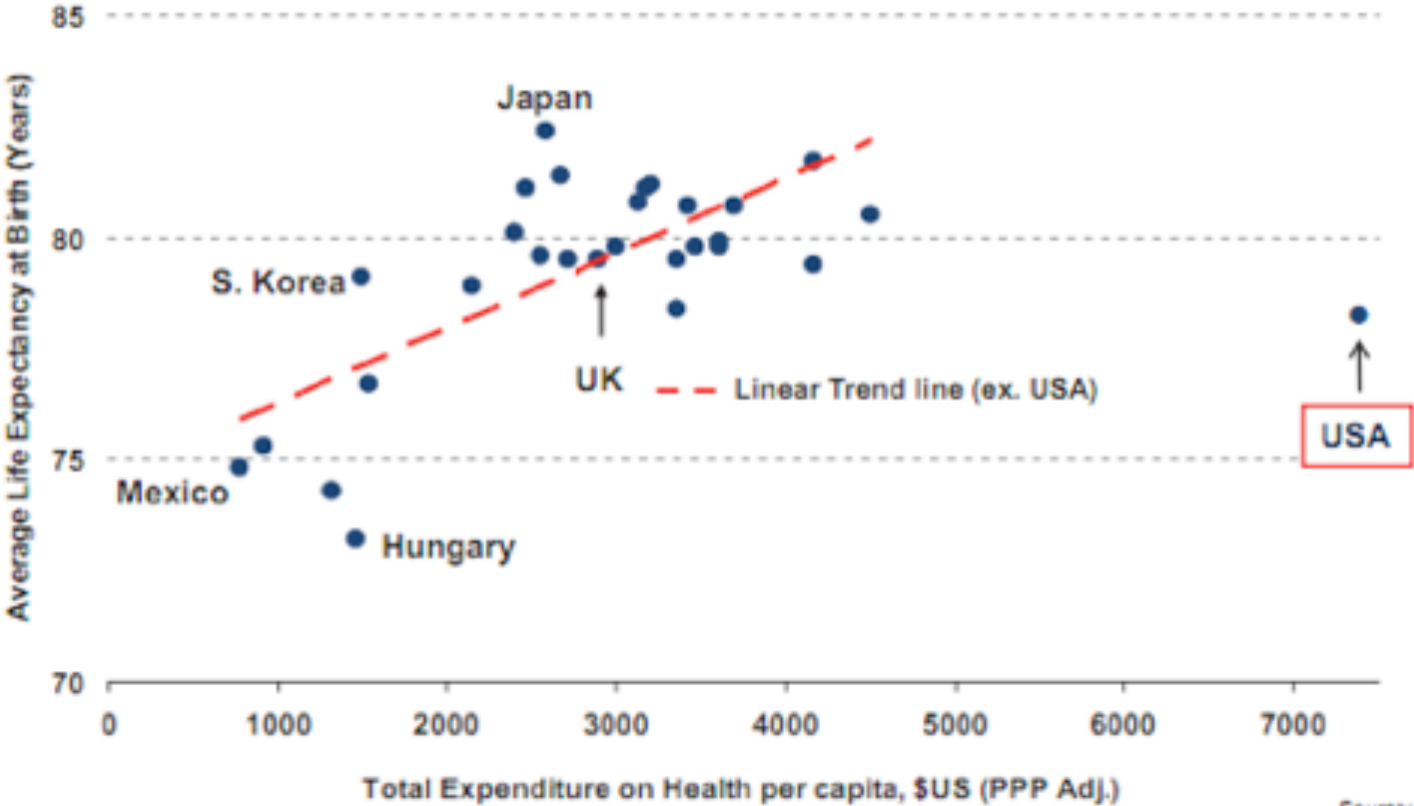
“Alternative”



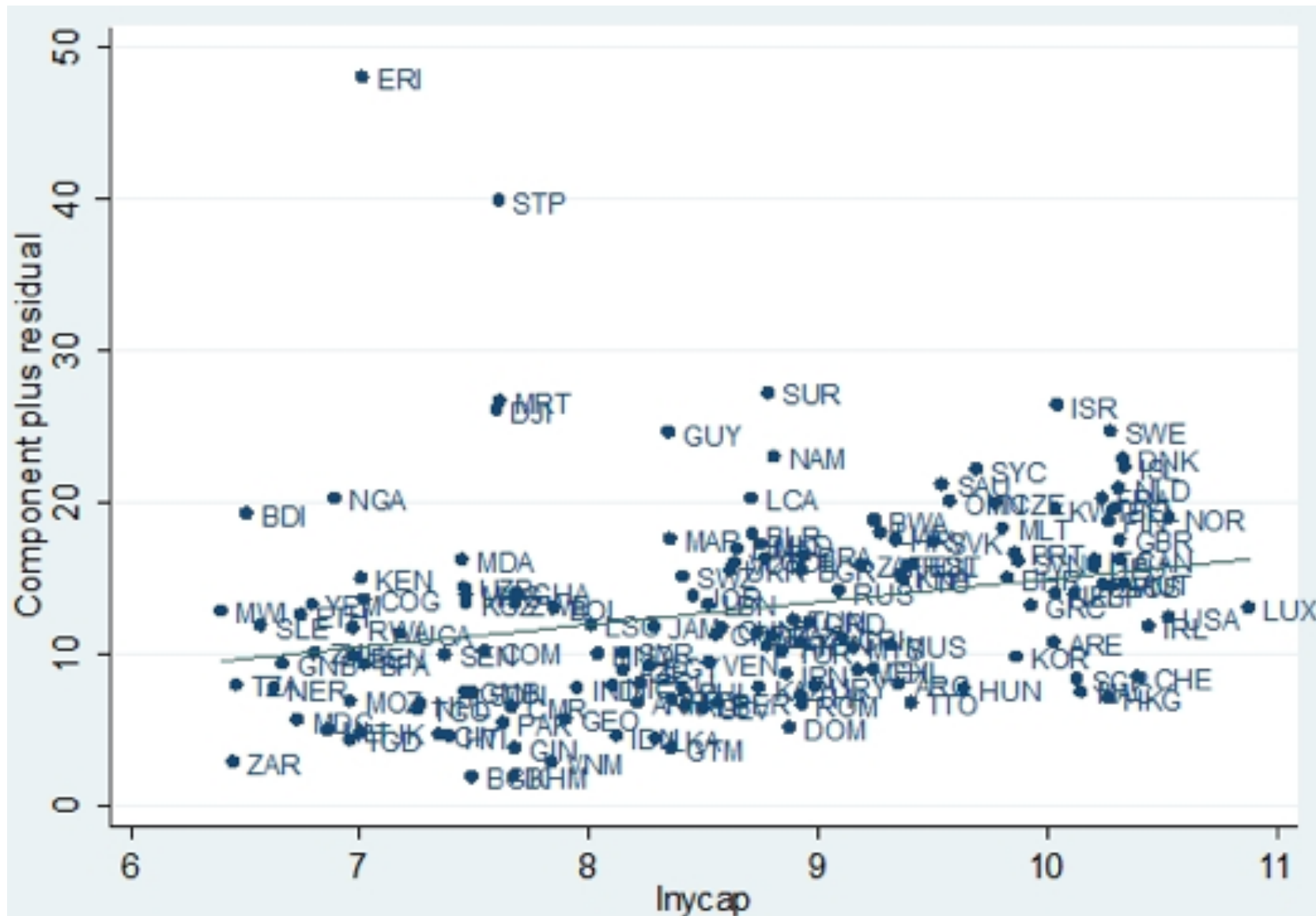
Medical Care Across Countries

USA Healthcare Outcome (based on Life Expectancy) Have Room For Improvement Relative to Other Countries

Healthcare Spending per capita vs. Average Life Expectancy Among OECD Countries, 2007



Is There a Compelling Argument for Shrinking Government—or Capping Its Growth?



Budget Economics

- Countercyclical deficits good
- Structural deficits bad
- Government health care programs
- Long-run health care financing dilemmas
- Debt sustainability
- Impact of rising debt on economic growth
- Hyperinflation

Growth Economics

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Growth Economics

- Neolithic Revolution
- Total factor productivity
- Malthus
- Demographic transition
- Production function
- Capital-output ratio
- Steady-state balanced growth path
- Resources: savings, physical capital, human capital, labor-force growth, depreciation
- Technology, organization, and markets